



July 8, 2014

Dear Representative,

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I am writing to urge your support for an amendment offered by Rep. Steve King (IA-04) to H.R. 4923, the Energy and Water Development Appropriations Act for Fiscal Year 2015. The King Amendment prohibits the use of federal funds to implement, administer, or enforce the Davis-Bacon Act.

The Davis-Bacon Act requires that each public works contract over \$2,000 contain a clause that establishes the minimum wages to be paid. Contractors and subcontractors are to pay workers a minimum wage based on the local "prevailing wage." However, these wages rarely resemble local market conditions and are based on union recommendations. The Davis-Bacon wage scale overwhelmingly favors large, urban and unionized contractors. Small and minority-owned businesses are discouraged from bidding on public projects by the complex and archaic rules set forth by the Act. Furthermore, the paperwork required by the Act effectively discriminates against small firms.

The Government Accountability Office has repeatedly criticized the Department of Labor for relying on surveys with low response rates, collecting data in unscientific ways, and importing wage rates from labor markets hundreds of miles away. In 2011, GAO reported that DOL's "recent efforts to improve the Davis-Bacon wage survey have not yet addressed key issues with survey quality, such as the representativeness and sufficiency of survey data collected."¹ Although this amendment would affect only some federal appropriations, overall impact of the Davis-Bacon Act is significant: last year, the non-partisan Congressional Budget Office (CBO) found that Davis-Bacon will raise federal construction costs by \$15.7 billion over the next ten years.

NFIB urges a yes vote on the King Davis-Bacon amendment to H.R. 4923.

Sincerely,

A handwritten signature in black ink that reads "Amanda Austin". The signature is written in a cursive, flowing style.

Amanda Austin
Vice President, Public Policy

¹ <http://www.gao.gov/products/GAO-11-152>